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(6) THE CHINA FACTOR IN AMERICA'S FOREIGN RELATIONS:
PERCEPTIONS AND POLICY CHOICES

(10) Richard H. / Solomon

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The Rand Corporation
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CHINA FACTOR IN AMERICA'S FOREIGN RELATIONS:

Perceptions and Policy Choices

SUMMARY

A DECADE OF PROGRESS, BUT AN UNCERTAIN FUTURE

It took most of the decade of the 1970s to bring about the full normalization of America's relations with the People's Republic of China (PRC), to overcome the confrontation and hostility of the two prior decades. This transformation in relations was motivated by security concerns shared by the two leaderships. Initially, there were high hopes for the positive impact of normal U.S.-PRC relations on global affairs, as was expressed by President Nixon in 1972 when he described his trip to Peking as "the week that changed the world."

With the perspective of the early 1980s, however, there is a sense of uncertainty about the future of the U.S.-PRC relationship. The association is more fragile than some have assumed due to instabilities of leadership and the lack of a policy consensus in both China and the United States on such issues as foreign policy and national security cooperation, economic development policy, and the future of Taiwan.

AMERICA'S UNSTABLE CHINA MOOD

For more than two centuries the American public's views of China have tended to fluctuate between favorable and unfavorable perspectives. Most recently, the Cold War era images of a hostile and threatening China were rapidly altered by the Nixon administration's initiation of the normalization process in 1971. The U.S. public, during the 1970s, came to accept the PRC as a legitimate member of the international community, gradually saw China in a more favorable light than the Soviet Union, and--after Moscow's invasion of Afghanistan in 1980--even expressed some support for military assistance to China (although there is divided opinion on this issue). At the same time, the U.S. public is significantly misinformed, or ill-informed, about China. And popular views are strongly influenced by current events and by presidential leadership. Yet there is a positive base of public opinion for normal U.S.-PRC relations and for making the China factor an active element in America's foreign relations

POLICY CHOICES FOR DEVELOPING THE U.S.-PRC RELATIONSHIP

The Chinese and American leaders who initiated the normalization process in the early 1970s saw the international security aspects of the relationship as more important than such bilateral activities as trade and cultural exchanges. Toward the end of the decade, however, the successors to Richard Nixon and Mao Zedong placed greater stress on

development of the bilateral relationship. A strong bilateral tie is now seen to provide a more stable basis for U.S.-PRC cooperation on international issues than a relationship based almost exclusively on common opposition to the "hegemony" of the Soviet Union. The two aspects of the relationship are mutually reinforcing.

Foreign Policy Coordination: During the 1970s China came to support many American foreign policy goals, such as a strong NATO, close political and defense ties to Japan, and U.S. diplomacy in the Middle East and certain Third World countries. PRC support was expressed largely in terms of parallel foreign policies rather than active and overt cooperation. On certain issues, such as Korea, Peking pursues apparently conflicting policies which, in fact, reinforce U.S. objectives. On other issues, such as the future of Southeast Asia, there is a more complex combination of common objectives (such as minimizing the Soviet military presence in the region) and conflicting goals (such as PRC support for local revolutionary movements, or the objective of bringing about a submissive Vietnam).

In the late 1970s PRC leaders began to call for a "united front" against the Soviet Union. U.S. policymakers reacted cautiously to the appeal, not wanting to foreclose the possibility of future improvements in Soviet-American relations, call into question traditional alliance relationships, or lose the flexibility in foreign relations that would come with an unambiguous commitment to China's anti-Soviet foreign policy. The future course of U.S. cooperation with the Chinese in dealing with the Soviet challenge will be affected primarily by the level of Soviet threat to the interests of the two countries.

China has shown only limited interest in working with the United States on non-Soviet foreign policy issues or problems of multilateral concern such as regional stability in Asia, North-South economic problems, energy, and environmental issues. Moreover, China's desire to identify itself with the Third World has limited Peking's willingness to collaborate overtly with the United States in such international forums as the United Nations.

The past decade has revealed the limitations of China's international outreach--as well as the positive benefits for the United States of normal relations with the PRC. While the now-cooperative U.S.-PRC relationship has been an important supplement to American foreign policy, affording greater flexibility and outreach to U.S. international relations, the China relationship cannot substitute for an active American foreign policy in Asia or in our own efforts to deal with the Soviet challenge.

Security Cooperation: Chinese leaders initially sought to improve relations with the United States as a result of security concerns generated by the Soviet invasion of Czechoslovakia in 1968, the Sino-Soviet border clashes of the following year, and Moscow's encouragement of India in its war against Pakistan in 1971. The Soviet invasion of Afghanistan in 1979, and a growing Russian military presence in

Indochina and Northeast Asia, finally led to the initiation of direct if limited American support for China's defense modernization.

U.S.-PRC security cooperation remains a controversial issue in both countries and raises problems for relations with traditional allies and dealings with the Soviet Union. Yet between policies of "do nothing" or "do anything," the United States is developing a conditional, "step-by-step" approach to defense collaboration with the Chinese that is reactive to Soviet pressures. The future development of defense cooperation is likely to be shaped primarily by Soviet initiatives that threaten U.S. and PRC security interests. Short of selling lethal weaponry, the United States can help China train a new generation of scientific and technical talent and assist in the modernization of PRC defense industries. Sales of advanced "dual use" technologies and defense materiel, including defensive weaponry, are likely to occur in reaction to heightened Soviet military pressures on the two countries.

Given China's relatively underdeveloped defenses, and America's need to strengthen security ties to allies such as Japan, the China factor cannot be a substitute for active U.S. strategic and regional defense efforts or the maintenance of active military relations with traditional allies. Yet a positive U.S.-PRC relationship gives the United States heightened strategic flexibility, complicates Soviet military planning with a two-front defense problem, and gives the United States and its allies a broader basis for security cooperation.

Participation in China's Domestic Development: American participation in China's social and economic development, while limited by differing social values and institutions, provides the most significant way for the United States to strengthen its ties to the PRC. A strong bilateral relationship provides greater domestic political support for various forms of foreign policy and defense cooperation than a relationship based solely on opposition to Soviet "hegemony." China will gradually develop its economy and social system irrespective of the relationship with the United States, but positive U.S.-PRC relations can affect the pace and direction in which China develops. U.S. policies regarding trade and its financing, technology transfers, and educational and cultural exchanges will influence the character and growth of the bilateral relationship. Given the complexities of the bureaucratic processes and special interests involved in managing the relationship, presidential leadership is required to keep U.S.-PRC relations moving forward.

THE TAIWAN TIME BOMB

Where foreign policy coordination, security cooperation, and economic and cultural ties hold the promise of strengthening U.S.-PRC relations, Taiwan holds the potential to seriously disrupt the relationship. The negotiations of the 1970s only set aside the issue of Taiwan's future. The United States withdrew its military forces from the island, thus ending the U.S.-PRC military confrontation. The United States expressed recognition of the unity of China and that Taiwan is a

part of China. The PRC agreed to the U.S. maintaining "unofficial" commercial and social ties to Taiwan. Peking informally expressed a "soft" or accommodating position on Taiwan's reunification with the mainland. And the United States unilaterally expressed the intent to sell defensive weaponry to the island to enable it to maintain its defenses.

The PRC is constrained in putting military and political pressure on the island, but hopes that during the 1980s it can draw Taiwan's authorities into negotiations on a political resolution of the island's future. PRC leaders hope to preempt any move toward Taiwan's independence, and to convince the United States that a negotiated resolution of the island's status will be hindered by American arms sales to the Chiang Ching-kuo government. The island's authorities, responding to supportive statements from presidential candidate Ronald Reagan in 1980, hope to gain U.S. support for sustaining their defenses, if not to weaken the U.S.-PRC relationship.

The United States would benefit by a negotiated resolution of Taiwan's future worked out by authorities in Peking and Taipei that was acceptable to the Taiwanese population. Conditions for such a development are somewhat favorable, as evidenced by a growing informal trade between the island and mainland, contacts between PRC and Taiwan students in the United States, and professional dealings between citizens of the two societies. Yet the United States should not push Taiwan into negotiations, although it might be called upon to facilitate a negotiation already underway.

CONCLUSION: THE CHINA FACTOR AS A SUPPLEMENT, NOT A SUBSTITUTE

During the 1970s normal U.S.-PRC relations became a positive factor in America's foreign relations. Yet this relationship is limited in its stability and effect. It cannot substitute for an active U.S. foreign policy in Asia or an active defense effort to deal with the global Soviet challenge. And while China is still a regional and developing country, positive Sino-American relations avoids for the United States all the costs of confronting a country embodying a quarter of mankind. The strengthening of U.S.-PRC relations can be a long-term investment in a more broadly based and flexible American foreign policy.

ACKNOWLEDGMENTS

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THE CHINA FACTOR IN AMERICA'S FOREIGN RELATIONS:

Perceptions and Policy Choices

Richard H. Solomon*

I. "THE WEEK THAT CHANGED THE WORLD"?

On February 21, 1972, President Richard M. Nixon and a delegation of thirteen American officials including Secretary of State William Rogers and National Security Adviser Henry Kissinger arrived in Peking for a week of talks with Communist Party Chairman Mao Zedong and Premier Zhou Enlai. Accompanied by a press pool of 87 journalists, television commentators, and broadcast technicians, the President and his party conducted seven days of private discussions with the leaders of the People's Republic of China (PRC)--"Communist China," or "Red China" as it still was referred to in many circles. Satellite ground stations in Peking and Shanghai beamed television coverage of the President's visits to the Great Wall, Ming Tombs, and the Forbidden City to a world-wide audience estimated to be in the hundreds of millions. As the American people turned on their television sets for the morning news, they saw live evening scenes of official banquets and revolutionary Peking opera

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in the Great Hall of the People.

At the end of the week a joint communique was issued in Shanghai that at once spelled out continuing differences between China and the United States and established the basis for normalizing bilateral relations between them. Guidelines were established for gradually defusing the issue of Taiwan and developing trade and cultural contacts between the two countries; and both sides expressed the intention to oppose any state seeking to establish "hegemony" in the Asia-Pacific region. In the elation of the hour, President Nixon asserted that this was "a week that changed the world"; an effort by the leaders of the world's most populous nation and the most wealthy to "bridge a gulf of almost 12,000 miles and twenty-two years of non-communication and hostility" that had riven the Asian political landscape since the Korean War.

Six years later another American President, Jimmy Carter, completed the formal process of normalizing Sino-American relations. Mao Zedong and Zhou Enlai had passed away, but a new Communist Party Chairman, Hua Guofeng, announced with President Carter, on December 15, 1978, the intention to establish diplomatic relations between the United States and the PRC by the first of the new year. America's official relations with the government of the Republic of China on Taiwan were severed on January 1, 1979, and replaced with an unofficial "Institute" to maintain contact with the island's authorities and people. The residual U.S. military presence on the island was gradually withdrawn amidst Chinese expressions of a desire to achieve a peaceful "reunification" between the island and the mainland (rather than Taiwan's "liberation"). The

Carter administration and the U.S. Congress, in the Taiwan Relations Act, affirmed America's interest in a peaceful resolution of Taiwan's future and the intention to continue to sell defensive armaments to the island to enable it to maintain a "sufficient self-defense capability."

In mid-January 1979, China's leading political figure of the hour, Vice Premier Deng Xiaoping, visited Washington to celebrate completion of the process of normalizing U.S.-PRC relations. During his stay Deng warned of the dangers of Soviet "hegemony," and hinted darkly that China would have to "teach a lesson" to Moscow's ally Hanoi for its recent invasion of Kampuchea (Cambodia). Within a month of Deng's return to Peking, the PRC initiated a month-long border war against Vietnam; and two weeks after the fighting subsided, Peking abrogated the Sino-Soviet Treaty of Alliance and Friendship of 1950--although PRC leaders concurrently initiated a dialogue with Moscow that seemed designed to explore ways of reducing Sino-Soviet tensions.

In August 1979, Vice President Mondale reciprocated Deng Xiaoping's visit with a trip to Peking. In a speech to Peking University students, the Vice President expressed the view that "any nation which seeks to weaken or isolate China in world affairs assumes a stance counter to American interests." Not long thereafter, in January 1980, Secretary of Defense Harold Brown visited Peking amidst concerns about the just-initiated Soviet invasion of Afghanistan. He explored possibilities for security cooperation between the two countries. The Carter administration's prohibition on sales of military hardware to China was modified to permit transfers to military end-users of non-lethal technology and defense materiel such as transport aircraft and communications equipment.

Thus, by 1980, America's relations with the People's Republic of China had advanced on a broad front. Commercial exchanges, which were nonexistent a decade earlier, had grown to nearly \$5 billion per year. (Trade with Taiwan, by this time, had surpassed \$11 billion.) More than 1,000 delegations from the PRC, totalling over 5,000 people, had come to the United States in 1980 alone to meet official counterparts, inspect factories and farms, and visit research institutions and universities. More than 60,000 Americans visited the PRC in 1980. And over 5,000 students from China were now enrolled in scientific and technical programs in American schools and universities--alongside more than 15,000 students from Taiwan. Senior Chinese and American officials were conducting regular consultations on a broad range of foreign policy issues; and the first steps had been taken toward low-level collaboration on defense matters.

Yet as the year progressed, notes of uncertainty were introduced into the future development of U.S.-PRC relations. In May, Republican presidential candidate Ronald Reagan criticized the Carter administration's arrangements for normalizing relations with Peking. Mr. Reagan said he was considering the restoration of official dealings with Taiwan, perhaps by establishing a liaison office in Taipei with much the same character as the missions Peking and Washington had maintained before full normalization. In August, candidate Reagan sent his Vice Presidential running mate George Bush to Peking to explain his position on China policy. Bush was subject to pressure tactics during his visit, and on his departure PRC media warned against any U.S.

administration adopting a "two Chinas" policy. Upon Bush's return, Reagan reiterated that he would not pretend that America's relations with Taiwan were unofficial. He stressed his support for a policy of selling defensive weaponry to Taiwan, as provided for by the Taiwan Relations Act passed by Congress shortly after the normalization of U.S.-PRC relations.

Peking's media attacked candidate Reagan, asserting that he intended to "turn back the clock" on relations with China. By year's end, however, the now-elected Reagan told Time magazine that the future course of his administration's China policy would "take a great deal of study." When asked whether he would sell lethal weaponry to the PRC, Mr. Reagan commented that China "is a country whose government subscribes to an ideology based on a belief in destroying governments like ours." He stressed an interest in developing friendly relations with the PRC, but said he did not want to proceed so fast in the defense field that "some day weapons we might have provided will be shooting at us." Within two months of Mr. Reagan's inauguration, however, the new administration had affirmed its commitment to the normalization agreement negotiated by President Carter; and Mr. Reagan's Secretary of State, Alexander Haig, had testified to the Senate Foreign Relations Committee in confirmation hearings that he saw "a compatibility and convergence in a strategic sense" between the U.S. and the People's Republic of China. Haig asserted that "it is in our interest to continue the normalization process begun during the Nixon years, furthered during the Ford years, and carried still further during the Carter administration."

II. ISSUES IN THE DEVELOPMENT OF U.S.-PRC RELATIONS

Was President Nixon's visit to China in 1972 "a week that changed the world"? There is no doubt that the process of normalizing Sino-American relations captured the imagination of the world and the American people--from the mass media hoopla which surrounded "ping pong diplomacy" in the spring of 1971 and the intrigue of Henry Kissinger's secret visit to Peking in July which initiated the official dialogue, through public fascination with acupuncture and panda bears, to prospects for trade with a country representing nearly a quarter of mankind. Yet China has long been larger than life in the American imagination.

The dramatic and unexpected transformation in America's relations with the People's Republic of China during the 1970s, from enmity to cooperation, also had a powerful impact on worldwide perceptions of international relations: the "Nixon shock" effect on the Japanese; the consternation of Communist leaderships in North Korea and North Vietnam which were still embroiled in conflicts with the United States; and the concerns in Moscow about the sudden coalescence of an "anti-Soviet" entente of China, the United States, Japan, and America's allies in Southeast Asia and Europe which would encircle the USSR on three frontiers.

Despite the powerful impact on attitudes and perceptions brought about by these developments, however, a decade after the onset of normalization we are only beginning to acquire some perspective on the real significance of America's new relationship with China. With the

perspective of ten years of efforts to normalize U.S.-PRC relations, and China's own strivings since the early 1970s to reestablish a position for herself in the international community, four themes or issue areas seem to predominate in assessing the future development of U.S.-PRC relations:

China is smaller in life than in our imaginations. The distant and esoteric China that has long excited American imaginations--either as an enduring empire of cultural treasures, a potential market of hundreds of millions of customers, or a hostile and threatening revolutionary power--is seen at close range to be burdened with her past and the realities of an agricultural economy. China now seems far more limited in her international outreach than in decades past when we knew her through the distant chanting of strident revolutionary slogans, when she sought to be a model of global social revolution and the leader of the "newly emerging forces" of the Third World. This is hardly to say that China is an irrelevant factor on the world scene, but only that her impact is more modest than we might have imagined in past days of confrontation.

Normal Sino-American relations are still fragile. Despite the profound transformation of the 1970s in relations between the United States and the People's Republic of China, there are a variety of factors which limit, or could upset, the further development of the U.S.-PRC tie. China's political scene continues to roil in the aftermath of the purging of the radical "Gang of Four" in 1976. Under certain circumstances the opening to the U.S. initiated by Richard Nixon and Mao Zedong, and promoted by Deng Xiaoping and Jimmy Carter, could

become a matter of controversy in Peking's political factionalism. If normalization seems to hold uncertain benefits for China's security needs or economic development plans, or if the numerous students now being educated abroad return to China with perspectives that are threatening to groups within the leadership, there could be serious debate about the wisdom of current policies which "tilt" China toward the U.S., Japan, and the countries of Western Europe.

On the American side of the equation, uncertainties within the leadership about the significance of the China factor in U.S. foreign and national security policies could induce drift into the relationship; and American businessmen, put off by the long delays and policy instabilities which are now seen to be a part of conducting commercial relations with the PRC, could conclude that the China trade is too costly and uncertain to be worth the effort.

Taiwan remains a potentially explosive issue for both China and the United States. Future American arms sales to the island could generate a strong political reaction in Peking, especially if unbalanced by U.S. efforts to help China strengthen her defenses. And Peking's abandonment of current policies of moderation and restraint toward Taiwan could elicit a strong political reaction from the United States, especially from a Reagan administration concerned about upholding the credibility of America's support for allies and friends. Moreover, political instability on the island, precipitated by a succession struggle to the current leadership of Premier Chiang Ching-kuo, or a strong movement for Taiwanese independence, could force policy changes in Peking and Washington which would seriously strain the U.S.-PRC relationship.

There is uncertainty about the China factor in U.S. foreign policy.

Despite the broad base of public support in the United States for normal bilateral relations with the PRC, the China factor has yet to become an integral part of American foreign policy. Should the United States build a political entente composed of China, Japan, and its allies in NATO and ASEAN (the Association of Southeast Asian Nations) to counter the expansionist impulses of the Soviet Union? Should the China relationship take precedence in our dealings with Asia; or are America's traditional alliance relationships with Japan, South Korea, the Philippines, Thailand, Australia, and New Zealand still central to our role in the region? Does a friendly China enable the United States to divert its resources and attention to highly threatened regions such as the Persian Gulf or Western Europe? And does China's status as a developing country give the U.S. greater "outreach" in the Third World?

While a cooperative U.S.-PRC relationship is an important supplement to a more flexible American foreign policy, we cannot abrogate to the Chinese responsibility for the pursuit of U.S. interests in Asia or elsewhere. China is still a regional power of modest influence; and our allies look to the United States to play the primary role in maintaining a strategic balance against the Soviet Union and in minimizing the impact of the Sino-Soviet rivalry on Asia and other regions. The challenge to the U.S. in the 1980s is to integrate the China factor into our foreign relations without compromising the interests of other allied and friendly states.

There is a lack of direction to U.S.-PRC security cooperation.

Parallel with the uncertainties surrounding the China factor in American

foreign policy, there is deep division of opinion on the issue of how the China relationship affects America's national security and defense interests. In part this reflects the lack of a consensus within the American foreign policy "establishment" about how to deal with the worldwide Soviet challenge. Will U.S.-PRC security cooperation undermine prospects for detente with the Soviet Union and trap the United States in the Sino-Soviet feud? And will an active Sino-American security relationship undermine America's ties to its traditional allies and friends in Asia such as Japan and the states of ASEAN (Indonesia, Malaysia, the Philippines, Singapore, and Thailand)?

There is no more controversial aspect to the further development of U.S.-PRC relations than the matter of cooperation on defense issues. Some observers believe that American efforts to help China strengthen her military capabilities in the face of Moscow's troop buildup along the Sino-Soviet frontier will increase China's security and caution the Soviet leadership. Others believe that such defense cooperation will incite Moscow and threaten the security interests of our other Asian allies and friends. Some analysts assert that the U.S.-PRC tie cannot be sustained in the absence of some concrete evidence of American willingness to help China deal with her needs to modernize an underdeveloped economy and obsolete and ineffectual defenses. During his visit to Peking in early 1980, Secretary of Defense Harold Brown reaffirmed America's interest in a strong and secure China; yet he noted that under then-current circumstances China and the United States preferred to be friends rather than allies.

Assuming that the Taiwan issue remains quiescent, the most difficult and controversial issue in Sino-American relations during the 1980s will be how to view the China factor in America's defense planning. The history of the past decade suggests that the development of this aspect of the Sino-American relationship is most likely to evolve in reaction to threatening initiatives of the Soviet Union.

III. AMERICA'S CHANGEABLE CHINA MOODS

As every American child knows, if you dig a hole through the center of the earth, China will be on the other side. The very distance of the country, in both geographical and cultural terms, has given Americans a set of esoteric images of China and the Chinese for more than two centuries. This has been a land of cultured Confucian Mandarin officials in flowing silk robes, multi-tiered pagodas, hard laboring peasants in terraced fields, and an exotic cuisine. There are, as well, dark images of China derived from the country's millennial poverty, periods of political turmoil, and recent decades of revolution and confrontation with the United States: hordes of "blue ant" laborers; rioting student Red Guards; and fanatical soldiers who attack in "human waves" and "brainwash" their enemies.

As Harold Isaacs observes in his classic study Scratches on Our Minds, "American images of the Chinese tend largely to come in jostling pairs. The Chinese are seen as a superior people and an inferior people; devilishly exasperating heathens and wonderfully attractive humanists; wise sages and sadistic executioners; thrifty and honorable men and sly and devious villains; comic opera soldiers and dangerous fighters." These contrasting images are associated with sharp changes in political mood and perception that have characterized two hundred years of American dealings with the Chinese.

During the American revolution China's political institutions were viewed as a model worthy of emulation. The federal government's civil service examination system was patterned on China's imperial

examinations for scholar-officials. This "age of respect," as Isaacs terms it, gave way to a time of contempt for China as the country degenerated into chaos during the 19th century.

Americans subsequently adopted a benevolent view of China during the days of Sun Yat-sen's Republican revolution in the 1910s and '20s, an attitude reinforced by active American missionary work in China. An "age of admiration" characterized American attitudes during the period of the war against Japan when Chiang Kai-shek sought to lead his beleaguered and politically fragmented country against both the foreign invader and domestic revolutionaries. This perspective was replaced by disenchantment as Chiang lost the civil war against the Chinese Communists in the late 1940s. Sino-American relations then degenerated into more than two decades of hostility during the 1950s and '60s as "Red China" allied itself with the Soviet Union in February 1950 and entered the Korean War in the fall of that year.

What perhaps will be seen as an "Age of Friendship" began in 1971 when President Nixon and Chairman Mao Zedong initiated the process of normalizing U.S.-PRC relations with Henry Kissinger's secret mission to Peking. Suddenly, images of "ping pong diplomacy," the artistic wonders of China's imperial past, and opportunities for trade and tourism with a talented and hard-working people replaced the hostile visions of marching hordes and rioting Red Guards which had dominated the Cold War years and China's turbulent Cultural Revolution. A truly remarkable transformation in attitudes occurred during the 1970s which now provides an entirely new basis for popular support of American China policy.

FROM INTERNATIONAL OUTLAW TO QUASI-ALLY

There have been three major and sequential changes in American attitudes toward the PRC since its founding in 1949. Beginning with the Korean War, and reinforced by the Taiwan Strait crisis in 1958 and the Sino-Indian border war of 1962, China was viewed as an international outlaw. Year after year her efforts to replace the Republic of China on Taiwan as the representative of China in the United Nations were defeated by votes of the General Assembly. The American people supported the PRC's exclusion from the U.N., as indicated by the public opinion data in Fig. 1. By the spring of 1971, however, for the first time more Americans thought that Peking should represent China in the U.N. than opposed (45% to 38%), thus establishing the basis for acceptance of the PRC's long-resisted admission in the fall of that same year. As Henry Kissinger prepared to depart Peking on October 25, at the end of his second (and first public) visit to the PRC, the General Assembly voted to expel Taiwan from the China seat and replace it with the People's Republic.

A second and subsequent change in American perceptions of China has been the transformation from a tendency to view the PRC in much the same unfavorable light as the Soviet Union to a much more favorable view of China in and of itself, and especially in comparison with the USSR. As is suggested by the data in Fig. 2, it took most of the 1970s for China to free itself of the legacy of the Cold War era alliance with the Soviet Union and the fanaticism of the Cultural Revolution of the 1960s in the eyes of the American people. In contrast, the Soviet Union continues to be seen in a highly unfavorable light.

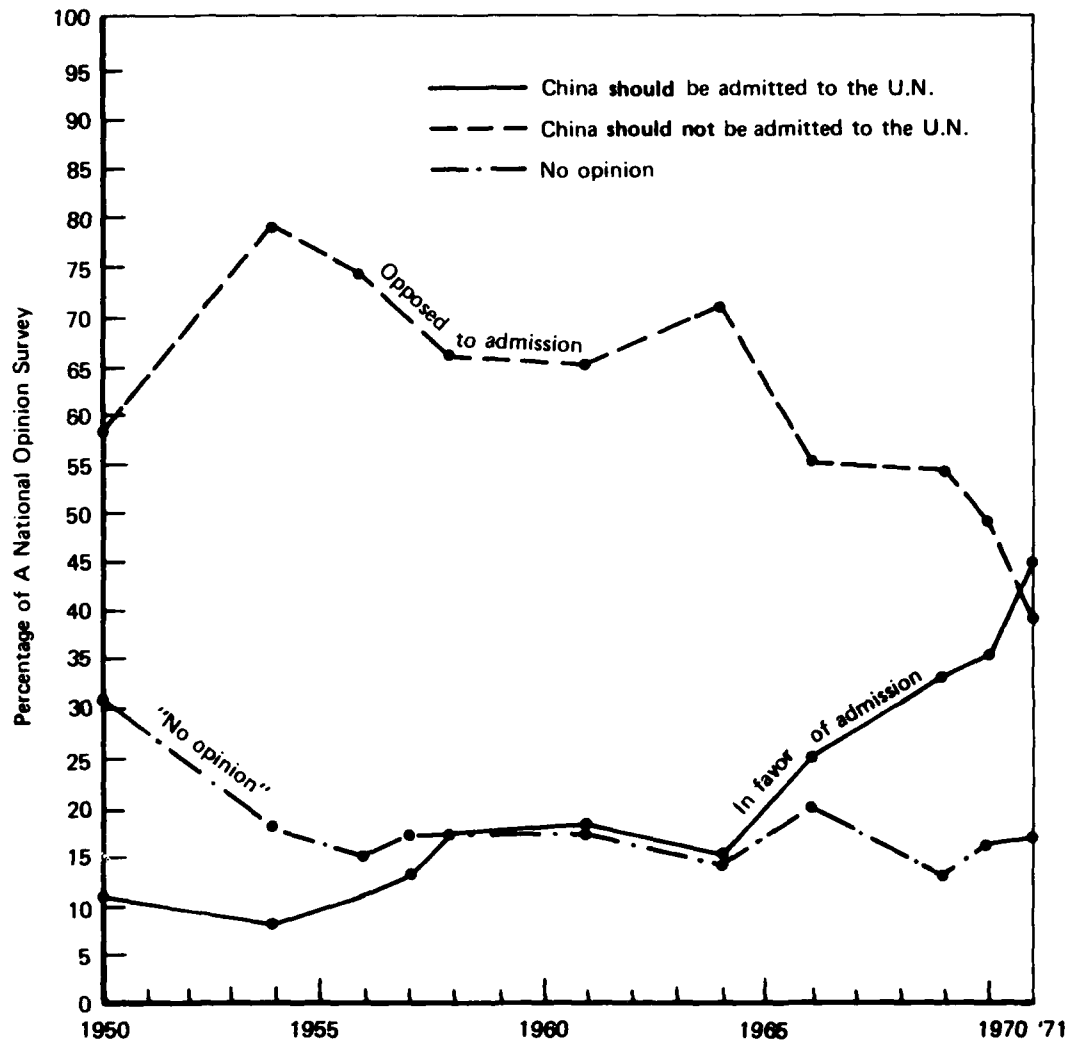


Fig. 1 — American attitudes toward "Communist China's" admission to the United Nations, 1950–1971

SOURCE: *Public Opinion Quarterly*, Summer 1980

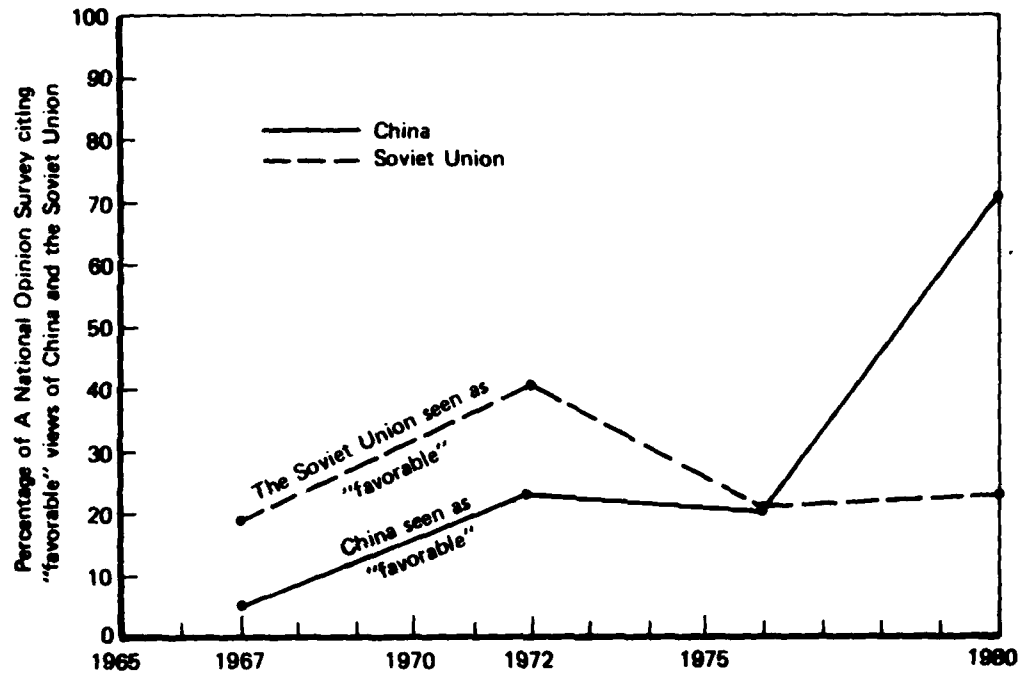


Fig. 2 — American attitudes toward China and the Soviet Union

SOURCE: *The Gallup Opinion index*, and *Potomac Associates*

This contemporary difference in perceptions of China relative to the Soviet Union is the basis for a third major change in American attitudes toward China's security. As late as 1977 only 11% of a national sample of Americans thought that the U.S. should help China build up her military strength so as to resist Soviet power and influence. Seventy percent thought the U.S. should not help China; and 19% had no opinion. In 1980, not long after the Soviet invasion of Afghanistan, however, 47% thought the U.S. should help China in her security needs, while 40% objected (and 13% had no opinion).

Thus, at the beginning of 1980s the American public had come to see China as a friendly country in the world community and in its relations with the United States. Moreover, there was growing support, but divided opinion, on the issue of security cooperation with the PRC relative to the Soviet Union. This mix of attitudes provided a firm foundation for sustaining normal relations between China and the United States, and perhaps for making the China factor one element in America's foreign and security policies.

At the same time, we must not ignore the volatile quality of this highly changeable public mood. There was a high level of uninformed or mistaken opinion about China--as well as many other foreign policy issues--in the United States. A Potomac Associates poll of 1977 found that nearly 30% of a national opinion survey did not know whether "Mainland China" had a Communist government; and in 1980 nearly 60% believed erroneously that China was among America's fifteen largest trading partners (it ranked 33rd in 1979; Taiwan was 20th).

The American public's attitudes toward China, as with other countries, are strongly influenced by current events and by presidential leadership. During the 1970s the public responded with enthusiasm to the Nixon administration's initiation of the normalization process; and China's leaders skillfully reinforced this inclination of the American people to view China as a friendly and cultured country. Thus, barring some presently unforeseen development such as a change in American or Chinese policy on an issue like Taiwan, or strongly negative views of the PRC disseminated from the White House or Department of State, we can anticipate a continuation of trends of the past decade in popular support for U.S.-PRC relations.

If there is any cause for concern, it is that the enthusiasm of the American public for contact with China will lead to unrealistic expectations and possible disappointments. The history of American views of China and the Chinese has been characterized by sharp swings of mood, and today's high hopes for U.S.-PRC relations in the areas of trade, cultural contacts, or even cooperation in foreign policy and national security activities may not be met. At the same time, students of China point out a tendency of the Chinese people to look to their friends for generous levels of support and assistance, to view a more developed and powerful country as a model for their own modernization--as they did of the West in the early decades of the 20th century, or of the Soviet Union in the 1950s. There is thus the potential for renewed Chinese disenchantment with the relationship if expectations are not fulfilled.

Thus, it is vital for the stability of the U.S.-PRC relationship that the expectations each country holds of the other be realistic; that sharp swings of mood characteristic of the past be minimized through policies of prudence and balance that reflect the limits, as well as the opportunities, of normal Sino-American relations.

IV. WHAT KIND OF A RELATIONSHIP WITH CHINA DO WE WANT?

When the process of normalizing America's relations with the People's Republic of China began in 1971, there was in essence a clean slate on which to draw the dimensions of a new relationship. The two countries had severed virtually all forms of contact more than two decades earlier. There was no trade or social contact, only the military confrontation across the Taiwan Strait and political vituperation expressed in various international contexts. The sporadic and unproductive U.S.-PRC diplomatic exchanges at Warsaw provided the only forum for direct and official contact--until the breakthrough meetings of January and February 1970.

ARE THE INTERNATIONAL OR BILATERAL ASPECTS MOST IMPORTANT?

The small group of Chinese and American leaders who built the normalization dialogue clearly saw the reestablishment of Sino-American relations as a strategic maneuver which would contribute to the security of their respective countries. For PRC leaders, some prospect of resolving the issue of Taiwan, which had been the major obstacle to even minimal contacts between the United States and PRC for more than two decades, was critical for establishing the domestic political basis of a new relationship. Yet the national security implications of normalization were at the heart of the opening initiated by PRC leaders and the Nixon administration. As Mao Zedong told Richard Nixon and Henry Kissinger in various meetings during 1972 and 1973, "We can do without [Taiwan] for the time being, let it come after 100 years." "Why

such great haste? This issue [Taiwan] is not an important one. The issue of the international situation is the important one." "The small issue is Taiwan, the big issue is the world." The development of such bilateral dealings as cultural exchanges and trade were seen as merely the secondary and supporting elements of a major realignment of international relationships. They were vehicles for publicizing and gaining domestic political support for a dramatic reversal of U.S.-PRC relations "from confrontation to negotiation," and to supporting some degree of collaboration on international issues.

The American public's response to the normalization dialogue, however, tended to focus on the bilateral dimensions of the breakthrough: the backing away from two decades of political and military confrontation; the esoterica of the President and other senior officials visiting the Forbidden City and meeting with long-forbidding revolutionary leaders, acupuncture anesthesia for reporter James Reston stricken with appendicitis during one of the first visits by an American journalist to Peking, and opportunities for tourism and trade. Only gradually as the 1970s progressed did the emergence of the "strategic triangle" and possibilities for "playing the China card" as an element in American foreign policy enter into the public's consciousness as significant aspects of this new relationship. (We can only speculate at the reactions of the Chinese people--still reeling from the political turmoil of the Cultural Revolution, and less intensively exposed to the symbolic trappings of normalization via television than the American public--to this dramatic about face in their country's political alignment.)

By the late 1970s, however, something of a reordering of priorities occurred in the emphasis of leaders in Washington and Peking on the international security aspects of the relationship relative to its bilateral significance. With the passing away of Mao in 1976 and the purge of the radical "Gang of Four" a few weeks later, China's leaders under Vice Premier Deng Xiaoping attempted to reduce some of the more provocative elements in China's confrontation with the Soviet Union (although the security threat from Moscow clearly endured). They shifted emphasis to highest priority on China's economic development, the establishment of social order through the re-creation of legal and educational systems, and experimentation with a broad range of "pragmatic" approaches to putting China back on the road to social and economic modernization.

This shift in China's political orientation intersected with a Carter administration in Washington that was divided of opinion about the strategic significance of the U.S.-PRC relationship. One perspective, expressed by Secretary of State Cyrus Vance, held that development of the U.S.-PRC bilateral relationship was a valuable end in itself, and that it was inappropriate to make America's relationship with China a function of the Soviet challenge. The other perspective, articulated by the President's National Security Adviser Zbigniew Brzezinski, held that the U.S.-PRC relationship constituted one point of American pressure on the Soviet Union. After Moscow's invasion of Afghanistan, Brzezinski's stress on the security significance of the relationship prevailed, as was dramatized by Secretary of Defense Harold Brown's visit to Peking in early 1980.

Uncertainty about whether and how to emphasize the strategic aspects of the U.S.-PRC relationship returned as the Reagan administration assumed management of American foreign policy in early 1981. While the new President and his Secretary of State, as noted earlier, expressed recognition of the strategic significance of the China connection, they gave no clear indication of how, if at all, this aspect of the U.S.-PRC relationship was to be developed. And Mr. Reagan's campaign comments about Taiwan, combined with various Chinese statements about the need to give priority to achieving the reunification of Taiwan with the mainland in the 1980s (as in a speech by Vice Premier Deng Xiaoping to a leadership conference in Peking on January 16, 1980), imply that the bilateral relationship could be strained in the coming decade if the Taiwan issue is not handled with great skill by both sides.

ACTIVE AND DIRECT, OR PASSIVE AND INDIRECT BENEFITS
FROM THE RELATIONSHIP?

As one reviews the development of U.S.-PRC relations during the 1970s it is clear that both countries gained a great deal, in an indirect or passive sense, simply from the elimination of two decades of confrontation. The withdrawal of American military forces from Taiwan, essentially completed in the summer of 1975, freed up one strategic frontier for both China and the United States, imparting greater flexibility to defense planning and allowing resources to be focused on more threatened borders. U.S.-PRC normalization also removed a major source of strain from America's dealings with Japan and other allies who

wished to establish political and trading relations with Peking. For the Chinese, as well, normalization with the U.S. ended a decade of hostility toward both the Soviet Union and United States, with all the political and military burdens of confronting both "superpowers" simultaneously, while also opening up prospects for the development of Sino-Japanese relations.

Little systematic thought has been given, however, to the active and direct opportunities for U.S.-PRC cooperation which are inherent in normalization. While Peking and Washington view each other as a strategic counterweight to the Soviet Union, in fact the impact of the U.S.-PRC relationship on the strategic balance remains more psychological than real. While normalization enabled China and the U.S. to focus attention, resources, and individual efforts on their real security problems, the two sides have only just begun to consider possibilities for developing an active and functioning security relationship. While there is a limited measure of foreign policy coordination between China and the United States, PRC leaders still occasionally describe the U.S. as a potentially threatening "superpower"; and many American officials are skeptical about Peking's proposal to form a united front against Soviet hegemony. And while trade and intellectual contact between the two countries continues to grow, neither Americans nor Chinese have thought through the implications for the future of a situation in which a generation of Chinese scientists has been trained in the U.S., in which institutional forms such as legal norms or industrial management practices have been borrowed, or in which trade would account for a significant portion of urban China's grain or America's textile imports.

In a rather abstract sense, Americans and Chinese still have a choice about whether they wish to be adversaries, friends, or allies. In terms of public mood, it is clear that the transformation of the 1970s from hostility to friendship was welcomed in both countries. Yet the 1980s will present the U.S. and China with very concrete policy choices that will affect whether the positive opportunities of normalization are developed, whether loose relations of "friendship" are maintained, whether under the press of world events the U.S.-PRC relationship is impelled from a political entente to a more explicit security alliance--or whether the relationship will be poisoned by an issue like Taiwan and either stagnate or gradually drift back into a hostile confrontation.

As a basis for assessing the possible evolution of this relationship, we can identify four areas of policy choice that are most likely to shape its growth in the coming decade: foreign policy coordination; security cooperation; bilateral exchanges in a range of areas including educational activities and trade; and the "joker" in the deck of China cards, the future of Taiwan.

FOREIGN POLICY COORDINATION

Since the Communist takeover of China in 1949, the PRC has gone through three major phases in its foreign policy: close alliance with the Soviet Union in the 1950s; a period in the 1960s when China confronted both the United States and the Soviet Union and tried to build a third pole in the international community around the "newly

emerging forces" of the Third World; and the turn in the early 1970s toward reconciliation with the U.S., Japan, the states of Western Europe, and others who might help China oppose Soviet hegemony.

By any standard, the depth of this most recent transformation in PRC foreign policy is quite remarkable. After two decades of unremitting hostility toward the United States and its allies, China suddenly became a vocal supporter of the NATO alliance. After twenty years of attacking the U.S.-Japan Mutual Security Treaty, Chinese leaders began to tell the Japanese Communists, Socialists, and Liberal Democrats to strengthen their country's alliance with the U.S. PRC leaders became willing to make common cause with the U.S. in supporting the independence of Pakistan; and most ironic of all, after 1975 they began to urge the United States to resist Hanoi's ambition to dominate the Indochina Peninsula. And the Chinese have attempted, in less overt ways, to reinforce American diplomatic initiatives in the Middle East and in Southwest Asia. They also have come to see at least temporary common interest in stabilizing the Korean Peninsula, insuring the security of Thailand, and strengthening the ASEAN coalition.

This is not to slight the fact that significant and potentially serious areas of difference remain between the U.S. and China. Taiwan --as is detailed below--remains an issue on which we may only have temporarily set aside serious differences in order to pursue more pressing common objectives. China's offshore territorial claims on the continental shelf and in the South China Sea affect the interests of America's allies the Republic of Korea, Japan, and the Philippines, as well as friendly states such as Malaysia and Indonesia. And China's

longer term objectives toward Korea or Indochina may not serve American interests or those of our allies.

Yet the fact remains that in less than a decade Washington and Peking have moved along a spectrum in their foreign policies from antipathy to detente and rapprochement, through a phase of "even handedness" in relations among the major powers, to a rather close alignment of foreign policies which implicitly form an entente including Japan and the states of Western Europe which could resist political and military pressures from the Soviet Union. A further step in the development of this relationship would be toward the formation of an explicit alliance, but this would be a commitment to China's call for a worldwide "united front" against the Soviet Union that U.S. officials, thus far, have been unwilling to make. Such a development is likely to occur only in the context of still greater Soviet pressures against American and Chinese security interests.

PRC leaders, most foreign observers agree, would far prefer "self reliance" to alignment in their international relations, if not to be the leader of the Third World of developing states of Asia, Africa, and Latin America. Yet realities have imposed on China the need for coalition, if not alliance, with more powerful and economically developed states in order to attain a balance against her adversaries. Peking's foreign policy remains highly sensitive to the play of the strategic balance, and while the United States remains a somewhat distrusted "superpower," Peking's tilt toward the U.S. in the early 1970s greatly enhanced the flexibility in China's--as well as America's--foreign relations.

Even without a closer association than exists at present, the U.S. benefits from China's current foreign policy. Third World states seeking an alternative to alignment with the Soviet Union or the United States have a third option in a China which is friendly yet unallied to the U.S. (The closer China moves toward the U.S., however, the less credible she remains as a non-aligned model for those who would avoid entrapment in the rivalries of the "superpowers.") And China continues to appeal for support from those ruling and non-ruling Communist Parties of Europe who wish to assert their autonomy from a Moscow-dominated international communist movement.

For the immediate future, U.S.-PRC foreign policy coordination is likely to be based on official consultations focused on opposition to the expansion of Soviet influence or resistance to political and military pressures from the USSR. Yet this constitutes a negative or reactive approach to building a relationship. A continuing question for Chinese and American policymakers is whether the relationship can be put on a more positive and enduring foundation so that matters of regional stability in East Asia, amelioration of North-South tensions, measures for coping with the global energy crisis, environmental and food problems, or the management of strains in international trading patterns can be dealt with, in part, through coordinated efforts of the United States and PRC.

A common thread to contemporary interpretations of the PRC's role in the affairs of Europe, Asia, and the Third World, is that at present China's power, and therefore her influence, is quite modest. The PRC is not a major factor in European politics despite Peking's diplomacy of

the past two decades. And as we discovered at the time of Soviet interventions in Africa and Southwest Asia--from Angola in 1975 to Ethiopia, Somalia, and Afghanistan at the end of the decade--China's world outreach is limited. Even countries in which Peking had invested considerable foreign assistance, such as Tanzania and Mozambique, chose to follow Moscow's lead in policy toward Angola, presumably because of greater Soviet economic and military resources. Even in an area on her own borders of considerable strategic importance--Indochina--Peking has been unable to thwart the designs of a minor power like Vietnam when backed by the Soviet Union.

Thus, while China can contribute to a broadly balanced American foreign policy, we cannot look to the China factor as a substitute for U.S. actions. The United States must cast its policies toward Korea, Japan, and ASEAN on the assumption that the U.S. has an enduring role to play in preserving regional stability and the security of our allies. An active American presence in these regions is crucial to constraining the impact of the Sino-Soviet rivalry; and China is too limited in her outreach at present to pursue her interests alone, quite apart from helping us realize our own.

At the same time, we share sufficient common interests with the PRC to make coordination of aspects of our foreign policies an important and positive supplement to our own actions, even if a supplement of limited effect. Moreover, it should not be minimized that a positive U.S.-PRC relationship avoids the strains in our foreign relations that characterized, for example, two decades of American efforts to develop coordinated policies for Asia with a Japan, Philippines, or Thailand

reluctant to be drawn into Sino-American feuding. China's influence in Asia and the world will grow, however slowly, and American interests will be far better served if that growth leads to more active foreign policy collaboration with the U.S. rather than opposition to it.

SECURITY COOPERATION

Sino-American cooperation in matters of national security and defense was implicit in the development of the normalization dialogue in 1971, for this process began in the context of the worldwide growth of Soviet military power and China's fears of the militarization of the Sino-Soviet frontier. The Soviet invasion of Czechoslovakia in 1968, the Sino-Soviet border clashes of the following year, and Moscow's support of India in its war with Pakistan in 1971 were the prime movers in the Sino-American reconciliation; and Moscow's direct and proxy interventions after 1975 in Africa, the Middle East, and at a series of points surrounding China--from Afghanistan and Indochina to Japan's northern territories--have heightened the motivation of policy planners in Washington and Peking to explore the defense implications of their now normal relationship.

As with foreign policy coordination, the U.S. and China have now moved along a spectrum of actions from military confrontation through political rapprochement to low-level forms of security cooperation. Washington and Peking now tend to view each other as strategic counterweights to Soviet military pressures. Moscow's invasion of Afghanistan in late 1979 finally drove the U.S.-PRC relationship into limited forms of military cooperation, as was emphasized in a series of

visits by high level defense officials in 1980, beginning with Harold Brown's trip to Peking in January. In the context of that trip, the Carter administration decided to permit sales to PRC military end-users of "dual-use" technologies such as computers with both civilian and military application, as well as non-lethal defense materiel such as communications and transport equipment, defensive radars, and industrial processes with applications for military production. Yet this security relationship remains inchoate rather than active. Significant sales of military hardware from the U.S. or its allies to China have yet to take place.

As stressed earlier, the matter of defense cooperation remains controversial and lacking in strong political support in the United States. There are many reasons for this tentativeness: lingering distrust of China's long-term strategic intentions because of its communist political orientation and its capacity eventually to be a major Asian power center in its own right; concern with signs of instability in the Peking leadership; a desire not to complicate the security needs of allies and friends such as Japan or Taiwan; an interest in not precipitating an adverse Soviet reaction or foreclosing future options for improving Soviet-American relations; apprehension that--as was the case with Soviet security assistance to the PRC in the 1950s--Peking may turn against a friend that is not fully forthcoming in its assistance; and a belief that the political and economic costs of significantly aiding China in her defense modernization are beyond America's capacity to assume.

At the same time, serious arguments endure for some form of U.S.-PRC defense cooperation: to secure China as one element in a regional and global balance of power that will be less vulnerable to Soviet pressures; to stabilize the Sino-American relationship by being responsive, in some measure, to the security concerns which impelled China's leaders to normalize relations with the U.S. in the first place; to caution Moscow by communicating in a significant manner America's intention to respond to Soviet threats to our interests; and to create a global coalition, of which China would be one participant, which will counter Moscow's evident efforts to build alliances and military bases capable of projecting Soviet power in Europe, the Middle East, Africa, Latin America, and Asia.

Given the divisions of opinion evident in these arguments for and against U.S.-PRC security cooperation, there are in essence three policy guidelines that the United States can pursue regarding this aspect of the relationship: do nothing; do anything that the Chinese want; or develop some modulated or conditional approach to security cooperation. The "do nothing" alternative has fallen prey to the growing and demonstrated global Soviet military threat, while a policy of all-out defense assistance has failed to gain active support in the face of the inhibitions and doubts about U.S.-PRC security collaboration noted above. By default, American policymakers have evolved an incremental, reactive set of policies in the security field that have seen the relationship grow in step-by-step fashion as Soviet expansionism has eroded political and policy inhibitions and generated support for defense cooperation.

How is the security aspect of the relationship likely to evolve in the future? The basic infrastructure for its development is now in place. Senior officials will continue to exchange views on the defense needs of the two countries and on areas where they might collaborate to mutual advantage. Out of this capacity for dialogue might evolve a shared conception of an appropriate way to enhance security cooperation. Military attaches in Peking and Washington can sustain information exchanges; and PRC state trading corporations can explore American and allied technologies which might enhance China's defense modernization program.

Further movement along the spectrum of increasing security cooperation, however, will require positive decisions at the highest levels in Washington and Peking. The most immediate choices will be for American actions which would help China strengthen its defense industrial base with more liberal transfers of production processes and dual use technologies, and improve ground and air defenses, command, control, and communication facilities, and transport capabilities. Such defense-oriented activities of long-term effect would not directly or immediately heighten China's capacity to threaten any other regional or global power; yet they would enhance the PRC's long-term military potential and would signify to all observers the strategic significance of the U.S.-PRC relationship.

American or allied sales to China of lethal but defensive military equipment such as anti-tank rockets, air-to-air missiles, or short-range fighter aircraft would most likely be initiated only in response to some highly threatening Soviet initiative such as an invasion of Poland or

Iran. Such sales, of course, would have a major symbolic impact on worldwide perceptions of the strategic balance, even if their practical effect were less meaningful than long-term measures which would strengthen China's industrial and scientific capabilities.

The evolution of this relationship into a full-fledged military alliance, complete with joint strategic and regional defense consultations, sales of unambiguously offensive weaponry, and the signing of a defense treaty, seems unlikely to occur under foreseeable circumstances. Neither China nor the U.S. are inclined to tie its security so closely to the other; neither wishes to confront the Soviet Union with such alliance; and it is not clear how either Washington or Peking would respond to the really dire circumstance of a Soviet invasion of Europe, China, or the Middle East/Persian Gulf. Moreover, both Peking and Washington now agree that the U.S.-Japan security relationship has primacy in Asia.

Above all, while the U.S.-PRC relationship can contribute in significant ways to the security interests of the two sides, the China factor cannot be a substitute for an effective unilateral American defense program. The Chinese would not want to collaborate with a vulnerable and uncertain United States in any event; and the U.S. cannot mortgage its defenses to the actions of others. It cannot rely for its security on the instabilities of the strategic triangle and the uncertain future of the Moscow-Peking feud. Under circumstances of either a Sino-Soviet war or rapprochement, the United States would lose out if it lacked the capacity to defend its own interests and those of its traditional allies.

Yet the China factor can be a positive element in our efforts to attain a stabilizing power balance in Asia and to countervail the global Soviet challenge. The task of American policymakers is to cast the security dimensions of the U.S.-PRC relationship in that considerable area for maneuver between actions which are so provocative to Moscow that they stimulate a preemptive Soviet attack on China, or measures which are so slight that China feels compelled to accommodate to Soviet pressures. The objectives of such cooperation will be to heighten China's long-term security, strengthen the U.S.-PRC relationship, and convince the Soviet Union that its actions will affect, to a significant degree, the pace and direction of Sino-American security collaboration.

PARTICIPATION IN CHINA'S SOCIAL AND ECONOMIC DEVELOPMENT

The striving for national security has been the primary motive in China's opening to the U.S. Yet as the leadership in Peking has heightened its own priority on domestic economic and social development, such aspects of the U.S.-PRC tie as trade, technology acquisition, and the training of a new generation of scientific and managerial talent have acquired enhanced significance. Chinese leaders began to realize as early as the mid-1950s that if they followed the Soviet pattern of economic development, with its stress on the creation of heavy industries and a large defense sector, they would very likely decrease their security and national independence by failing to increase agricultural production relative to population growth and by constricting the development of light industries. Thus, Mao Zedong developed the concept of "people's war" as an alternative to Soviet-style

defense construction, a perspective that persists today in Deng Xiaoping's relatively low priority on defense modernization and the greater stress on the development of agriculture and light industry.

In addition, both Chinese and American leaders have gained some sense that the U.S.-PRC tie is less stable if it is based solely on security and foreign policy issues. Slight changes in either country's external relations would then have a much more unsettling effect on the other in the absence of economic and cultural contacts that broaden the base of domestic political support for the relationship. American participation in China's economic and social development can impart greater stability to the relationship by developing more diverse bureaucratic constituencies than if it were based on the support of only a few senior leaders and solely on the policy of opposition to "hegemony."

China's openness to diverse social and economic contacts with the United States and non-communist countries was significantly enhanced after the purging in 1976 of the radical "Gang of Four." Under Deng Xiaoping's slogan "seek truth from facts," ideology has been downplayed in favor of a self-critical and pragmatic search for alternative approaches to social and economic modernization. Some measure of the degree of commitment of the current Chinese leadership to more open dealings with the U.S. is contained in the fact that such senior figures as Deng himself and Foreign Minister Huang Hua have sent their children to the United States for advanced education.

Nonetheless, there remains a tentativeness or uncertainty about the commitment of the two elites to the relationship that is based, in part,

on their expectations of the other. From a Chinese perspective, there have been repeated signs of sluggishness or uncertainty in the commitment of successive American administrations to normal U.S.-PRC relations, as in the Carter administration's delay into mid-1978 in initiating negotiations on the normalization of relations, or candidate Reagan's stress on the Taiwan issue. From an American perspective, continuing signs of political factionalism in Peking, the ongoing debate in China about modernization priorities and the degree to which the country should open up to the West, the leadership's communist orientation, and China's presumed great power ambition reinforce doubts about the stability of the PRC leadership's commitment to a long-term relationship with the United States.

Thus, a kind of "catch 22" attitude underlies further development of the U.S.-PRC relationship: a concern that if we do help the Chinese develop, eventually they may turn against us; yet an awareness that if we hold back the Chinese will surely conclude that the U.S. connection holds little of value for them.

Unless one believes that China will long remain so weak and unreliable as to be an insignificant or burdensome factor in America's foreign relations, perhaps the most useful perspective on developing the relationship is based on the PRC's long-term potential. The question for the U.S. is not whether China will modernize, but at what pace and with what orientation toward the United States. An active U.S.-PRC relationship in economic and educational areas will not determine whether China succeeds or fails in its development efforts, but we can have some impact on how rapidly modernization occurs, and whether the

Chinese see the U.S. as having helped or remained aloof from that process. (The alternative perspective, that China's modernization is bound to lead to developments highly threatening to world peace--and therefore should be actively opposed, or at least not facilitated--is supported by few states other than the Soviet Union.)

There are two broad areas where public policy can have some effect on American involvement in China's domestic development: trade, technology transfers, and financial policies that support them; and cultural exchanges, technical assistance, and educational policies as they are affected by government-funded programs supported by such agencies as the National Science Foundation (NSF), the National Endowment for the Humanities (NEH), and the International Communications Agency (ICA), and by private foundations such as Ford and Rockefeller. The United States is hardly in a position to underwrite the staggering costs of China's economic and social development, yet we can have some impact on the orientation of the leadership through educational and cultural exchanges, and on the degree to which China's economy develops linkages to our own and to regional Asian trading patterns.

In the year-and-a-half after normalization, nine major agreements were concluded between the U.S. government and the PRC which established the basic infrastructure of economic relations. The "claims-assets" issue was resolved. Aviation, maritime, and grain import agreements were reached. Textile import ceilings were negotiated. The Congress passed trade legislation that granted the PRC Most Favored Nation (MFN) tariff status. And a joint Sino-American Economic Commission was established. These agreements helped to facilitate a doubling of U.S.-PRC trade during the two years 1979 and 1980.

Further growth of two-way trade will depend primarily on China's own economic development plans, its capacity to absorb foreign technology, and its ability to develop export markets which will earn foreign exchange. The Chinese are unlikely to be major exporters of oil during the remainder of the century given difficulties in exploiting their offshore resources and requirements for domestic use; and China will likely be a major importer of foreign grain. Thus, there will be severe limits to the country's ability to generate foreign exchange through energy sales, and the need to use a significant portion of its hard currency earnings to purchase consumables. In view of these constraints, actions which the U.S. government might take to strengthen China's export earning capacity, or to finance imports from the U.S., will be important to developing two-way trade.

Vice President Mondale indicated in 1979 that the U.S. would make available \$2 billion over a five-year period to finance imports via the Export-Import Bank. The Chinese have yet to avail themselves of such credits, or Commodity Credit Corporation loans, to finance imports as they find the interest rates too high. Concessionary rates cannot be developed for China alone; although the government may find that it has to lower its overall loan rate if the United States is to compete with countries such as France and Japan which provide still lower rates to finance their own exports.

Similarly, the U.S. can facilitate the availability of World Bank loans for the Chinese via the International Development Association if it participates in the IDA-VI and VII replenishments. Executive branch

or Congressional action could also facilitate China's access to U.S. technical assistance and to Public Law 480 grain grants or sales, which currently are prohibited by law, through either a Presidential determination that the PRC is not a country dominated by international communism and is friendly to the U.S., or a change in existing legislation which would make China eligible for grain sales at better than commercial rates.

The most significant actions that the U.S. government can take to strengthen U.S.-PRC trade are in the areas of import quotas and tariffs for Chinese exports to the U.S. While China, as noted earlier, is now eligible for MFN tariff rates, still more preferential tariffs would be gained through PRC membership in the GATT (General Agreement on Tariffs and Trade) which would make China eligible for GSP (Generalized System of Preferences) concessionary tariff rates for developing countries. Action in this direction will require both PRC efforts to gain a seat on the GATT, and a Presidential determination that GSP rates for China are in America's interest.

Other actions that the U.S. government can take to facilitate trade with China are the negotiation of import quotas or tariffs on politically sensitive items (such as individual textile categories, rubber footwear, menthol, and mushrooms), and the easing of export controls on "dual use" and other defense-related items manufactured in the United States which the Chinese deem essential to their modernization efforts. In sum, there is a need for the government to monitor the development of U.S.-PRC trade, and to keep in mind China's recent entry into American markets when negotiating import quotas or establishing tariffs.

Several conclusions can be drawn from this rather detailed discussion of the technical mechanisms involved in developing Sino-American economic relations. First, multiple specialized bureaucracies will now play important roles in managing the relationship. Gone are the early days of the normalization process when one or two senior political figures could quickly resolve issues with a simple order. Cumbersome interagency processes are now required to effect changes. Second, politically sensitive domestic economic issues that are often the preserve of narrowly focused interest groups (such as the textile lobby) will involve themselves through special pleading to executive branch agencies and by lobbying in the Congress. The relationship will thus be affected by groups who do not bring a broad national perspective to the pursuit of their special interests. And third, multilateral economic problems such as market access and credit availability will require China-related issues to be weighed against the interests of other U.S. trading partners as well as the economic and foreign policy interests of the country as a whole.

For example, America's traditional trading partners in Asia--especially South Korea, Taiwan, Hong Kong, and the ASEAN countries--will be affected in varying degrees by the growth of Chinese export capabilities. The U.S. will have to reconcile the need to give the PRC greater access to American markets, in part to enable Peking to pay for its growing purchases of U.S.-produced goods, with equitable arrangements for established trading partners. Similarly, a country like India may be significantly affected by large PRC borrowings from

the World Bank. The U.S. will thus have to monitor a range of economic effects of China's anticipated entrance into the world trading and financial scene and take certain measures to insure that existing economic patterns are not severely disrupted to the detriment of the interests of other countries.

Management of these issues will involve complex interagency coordination within the U.S. government (as the often conflicting interests and perspectives of the Departments of State, Treasury, Commerce, Labor, and Defense will be involved), and Congressional support. This means that a broad and integrated national policy on China will require Presidential decision-making and leadership. The alternative will be piecemeal and contradictory policies that destroy any coherent sense of direction to the relationship, or paralysis induced by bureaucratic delay and domestic political infighting.

These qualities of highly technical, bureaucratic, and yet politically loaded processes involving the Congress and special interest groups also increasingly dominate the Chinese side of the relationship, thus compounding tendencies for the U.S.-PRC tie to become captive of mechanisms that induce delay and the assertion of narrow interests. For the Chinese this means, among other things, greater stability in economic policy, an awareness of how commercial practices of recent years have eroded the interest of American businessmen in the China trade, and a willingness to develop export products and markets in order to maintain balanced trading relationships. In short, if the U.S.-PRC economic relationship is to further develop, dedicated and clear-sighted senior political leadership on both sides will have to jointly facilitate decision-making.

Cultural and educational exchanges take place in an atmosphere less affected by government policy than do trade relations. Such exchanges have been facilitated on the American side for a decade by two private organizations, the National Committee on U.S.-China Relations and the Committee on Scholarly Communication with the PRC, which parallel the role in the economic area of the National Council for U.S.-China Trade. The National Committee and the Committee on Scholarly Communication have been funded by a combination of foundation grants and government agency support (through the State Department, ICA, NSF, and NEH). As the number of visiting delegations and students involved in cultural and educational exchange programs--as well as tourism--have swelled, the management and funding of these contacts, on the American side, have increasingly devolved to the private sector and to individual universities, friendship societies, tourist agencies, and artistic management concerns. This is as it should be, given the workings of American society, but it does mean that--as with trade--decisions affecting the future growth of the relationship will be made on a highly decentralized basis with individual interests rather than a larger sense of national purpose shaping the pattern of exchanges.

Financial stringency on both sides of the relationship will constrain if not lead to a retrenchment in the further development of cultural exchanges and trade. For example, while a joint Sino-American Scientific Commission was established in 1979, its work remains seriously underfunded. And while many of the advanced Chinese graduate students now in the U.S. have been supported by research fellowships

(some funded by government research contracts), if student exchanges are to expand, especially at the undergraduate level, the Chinese government will have to provide increased levels of tuition and living support. Yet such educational programs provide probably the most cost effective way for the United States to contribute to the modernization of Chinese society, and to build strong personal links to new generations of PRC leaders.

Thus, U.S. interests will be well served by supporting educational and cultural exchange programs with either foundation or governmental funding. The willingness of these funding agencies to do so, however, will be affected by perceptions of the degree to which the objectives of the particular foundation, government office, or private institution are served by a given exchange, as well as by financial limitations. Considerations of reciprocity are usually high on the list of concerns of individual funders. Yet as Michel Oksenberg notes in the January, 1981 issue of Foreign Affairs, strict reciprocity in U.S.-PRC relations is very hard to achieve--or even to define--in view of the disparities in social and economic organization of the two countries and their different levels of development. It is difficult to expect individual institutions in the U.S. to take a broad view of their contributions to the exchange process when they may gain relatively little from it directly; yet the striving for reciprocity must not be mindless. Thus, here again, senior governmental leadership will continue to be important in articulating for the country the importance of the U.S.-PRC relationship, and in providing financial support for various cultural

and educational exchanges that serve the national interest even if they are not strictly reciprocated by the Chinese side.

V. THE TAIWAN TIME BOMB

Where cooperation in national security and foreign policy matters and the development of trade and cultural exchanges hold the promise of building a constructive U.S.-PRC relationship, the residual issue of the status of Taiwan holds the potential to disrupt if not destroy the still-fragile Sino-American tie. The normalization process of the 1970s only set aside this issue, which is so freighted with the emotions of nationalism and sovereignty for the Chinese, and weighted for Americans with a sense of loyal and fair treatment if not the right of self-determination for a small and hard-working population in the face of the inexorable power of a great state.

America's protective relationship with the Nationalist government of Chiang Kai-shek was the principal issue that stalemated any amelioration in the U.S.-PRC confrontation throughout the 1950s and '60s. The U.S. Mutual Defense Treaty of 1954 with the Republic of China effectively prevented a final resolution of the Communist-Nationalist civil war, which had concluded on the mainland in 1949 with the withdrawal of Chiang's military remnants to Taiwan. And the U.S. military presence on the island, in conjunction with American forces in South Korea and South Vietnam, constituted a three-pronged threat to the security of the PRC. Soviet military initiatives of the late 1960s, however, reordered security policies for both Peking and Washington, leading at last to a break in the stalemate.

The normalization negotiations of the 1970s brought about five changes in America's relations with Taiwan relative to the PRC:

The U.S.-PRC Military Confrontation Was Eliminated--The most immediate and tangible benefit to China and the U.S. of the normalization process was gradual elimination of two decades of military confrontation. In the Shanghai Communique of 1972, the U.S. committed itself to the "ultimate objective" of withdrawing all U.S. forces and military installations from Taiwan, and to the progressive reduction of the existing force presence, "as the tension in the area diminishes." This ultimate objective, however, was unilaterally linked by the U.S. to the prospect of "a peaceful settlement of the Taiwan question by the Chinese themselves."

Following publication of the Joint Communique, the U.S. proceeded to dismantle its military presence on Taiwan. In May of 1975 the last offensive weapons, a squadron of F-4 fighter-bombers, were withdrawn from the island; and within a few months of the completion of the normalization process in early 1979 the last element of the American military presence, a PX contingent, departed. America's concern for the security of Taiwan was thus no longer "covered" by either a direct U.S. defense presence or a bilateral treaty with the government of the island.

The normalization agreement which took effect on January 1, 1979, moreover, decoupled the U.S. military withdrawal from the issue of a peaceful resolution of the Taiwan question by the Chinese themselves. The Carter administration merely expressed the unilateral position that the U.S. "will continue to have an interest in the peaceful resolution of the Taiwan issue." The Communist-Nationalist military confrontation across the Taiwan Strait continues, albeit with a substantial reduction

in the level of tension that characterized earlier decades. Peking, for example, has ceased alternative day shelling of the offshore islands of Quemoy and Matsu and has substantially reduced its military forces in Fujian Province on the mainland side of the Taiwan Strait.

The U.S. Recognized the Unity of China--In the Shanghai Communiqué, American officials artfully responded to China's demand that the U.S. renounce any interest in policies of "two Chinas," "one China, two governments," "one China, one Taiwan," an "independent Taiwan," or the position that Taiwan's status is undetermined, by acknowledging that "all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is a part of China." The Nixon administration said that it did not challenge that position, and agreed to Chinese insistence that the formulation state--in an exaggerated fashion--that "all Chinese on either side of the Strait" support this view. The U.S., in effect, bound independence-minded Taiwanese on the island to the Nationalist and Communist Chinese position that Taiwan is a part of China.

In the normalization agreement of 1979, the Carter administration recognized the government of the People's Republic of China as the "sole legal government" of China, and directly "acknowledged" the Chinese position that there is but one China and Taiwan is part of China. The U.S. thus precluded itself from fostering or backing an independent Taiwan--a position that was consistent with the recommendations of various government studies conducted during the 1950s and '60s, even at the height of U.S.-PRC military tensions in 1950-51 (before the establishment of the U.S.-Republic of China Mutual Defense Treaty).

The PRC Agreed to American Maintenance of "Unofficial" Relations with Taiwan--The joint U.S.-PRC normalization agreement made public on December 15, 1978 stated that "the people of the United States will maintain cultural, commercial, and other unofficial relations with the people of Taiwan" within the context of the larger U.S. recognition of the PRC as the sole legal government of China. Subsequent to the establishment of U.S.-PRC diplomatic relations and the concurrent severing of American diplomatic ties to the government of the Republic of China on Taiwan, Congress passed the Taiwan Relations Act, authorizing U.S. government funding and laws to sustain social and economic dealings between the island and the United States. These relations are now facilitated by the "American Institute in Taiwan" (also created by the Taiwan Relations Act), and a parallel organization from Taiwan in the U.S. (the Coordination Council for North American Affairs). The American Institute is staffed by professional U.S. diplomats temporarily "separated" from official government service who operate with secure communications, privileges, and immunities as do diplomats the world over--a pattern that also characterizes Japan's post-recognition dealings with Taiwan.

This arrangement, of course, is a fiction of sorts. It provides a way of bridging Peking's demand for sovereignty and the unity of China with American political imperatives and interests regarding Taiwan. It reflects the common desire of both Peking and Washington to establish a cooperative bilateral relationship despite continuing differences on the Taiwan issue, as well as Peking's short-term interest in not destabilizing the current situation on the island. It is this fiction

--that America's residual relations with Taiwan are not official--that Ronald Reagan challenged in his campaign statement of August 25, 1980, thus at least temporarily calling into question his willingness to accept the Carter administration's terms (as negotiated with Peking) for U.S.-PRC normalization.

Peking Unilaterally Adopted a "Soft" Posture Towards Taiwan--After nearly three decades of military confrontation and political vituperation between the Nationalist and Communist Chinese across the Taiwan Strait, the normalization negotiations brought about an evident diminution in tensions between the two Chinese regimes. In the normalization agreement of January 1979, the U.S. unilaterally expressed confidence that "the people of Taiwan face a peaceful and prosperous future," and that "the United States continues to have an interest in the peaceful resolution of the Taiwan issue and expects that the Taiwan issue will be settled peacefully by the Chinese themselves."

Parallel with this statement, senior PRC officials expressed for the public record a much more accommodating position on the reunification of China. Dropping use of the term "liberation" (with its implication of the use of military force), Premier and Party Chairman Hua Guofeng stated the "hope" that compatriots on Taiwan would make further contributions to the cause of reunifying China. Hua observed that all Chinese who help in this cause are patriots, "whether they come forward early or late." And in a conversation with American Senators in early January 1979, just prior to his trip to the United States, Vice Premier Deng Xiaoping asserted that Taiwan could maintain its economic and social systems, its political autonomy, and its own armed forces

after reunification with the PRC. What is required of the Nationalist government, said Deng, is that it lower its flag and otherwise eliminate symbols of authority which designate it as a rival to the People's Republic of China as the government of all China.

The U.S. Unilaterally Stated It Would Sell Defensive Arms to Taiwan
--Peking's moderate approach toward Taiwan and reunification was expressed unilaterally, in a manner that did not compromise the Chinese sense of sovereignty on the Taiwan issue or create an obligation to the U.S. not to use force against the island. It is a posture that could change at Peking's initiative at any time. And while PRC leaders continue to refer upon occasion to their "right" to use force in resolving the future status of the island, to date they have minimized the sense of political or military threat across the Taiwan Strait.

In recognition of this situation, and to give substance to its "expectation" that reunification will not be imposed on the people of Taiwan by force, senior U.S. officials stated publicly in a press backgrounder on December 15, 1978, at the time the normalization agreement was announced, that the continuing but unofficial commercial dealings between the U.S. and Taiwan, would include sales by American companies of "arms of a defensive character" to the island on a restrained basis.

In his parallel news conference, Premier Hua Guofeng noted that the U.S. and PRC had "differing views" on the arms sales issue, that "we [Chinese] absolutely could not agree to this," that "it would not conform to the principles of normalization [and] would be detrimental to the peaceful liberation of Taiwan." "Nevertheless," Hua said, "we

reached an agreement on the joint communique" announcing full normalization.

Subsequent to the establishment of U.S.-PRC diplomatic relations, the U.S. Congress, on April 10, 1979 passed the "Taiwan Relations Act" which wrote into American law the unilateral view that normalization with the PRC "rests on the expectation that the future of Taiwan will be determined by peaceful means," and that the U.S. would "provide Taiwan with arms of a defensive character" in order to help the island "maintain a sufficient self-defense capability."

The Taiwan issue was thus set aside by the normalization process with a carefully crafted set of statements that bridged irreconcilable political principles in the hope of attaining larger objectives of national security and global political flexibility. Yet the various unilateral statements and political fictions that constitute the Taiwan element of the normalization agreement are a delicate house of cards that could collapse as the surrounding political forces change.

Seen in isolation from the political context of 1979, and on the basis of the public record alone, China would seem to have gotten the better of the normalization deal in an end to the formal American military protection of Taiwan, an explicit American recognition of the PRC as the sole legal government of China, the termination of official U.S. relations with the government of the Republic of China on Taiwan-- and all at the cost of no more than a unilateral PRC expression of "hope" for a peaceful resolution of the Taiwan issue and the tenuous unilateral American position on sustaining Taiwan's defenses through arms sales. Even in the context of the times, the PRC may have gained

significant short-term advantage in completing normalization just before it "taught Vietnam a lesson" for its invasion of Kampuchea. Peking gained security reinsurance from normalization with the U.S. at the end of 1978 in the face of Moscow's backing of Vietnam in its ambition to dominate Indochina.

At the same time, China remains highly constrained in moving away from the normalization understandings on Taiwan. Soviet military and political pressures continue to hold highest priority in PRC security planning; and normal relations with the U.S. and Japan--which Peking would only put at risk through a pressure campaign against the island--remain central to China's national security and economic development planning. And even if the PRC did decide to take the island by force, it would require at least five years of preparation and a very different international environment for Peking to mount a military campaign. In the interim, the U.S. and other countries would likely react in a manner detrimental to PRC objectives.

The fact remains that China's interests are still served by a peaceful resolution of the Taiwan issue. Events since normalization have sustained the judgment of those American officials who constructed the agreement that Taiwan's security and well-being--in the short-term--would not be undercut by normalization: American trade with the island grew from \$8.9 billion in 1978 to \$11.4 billion in 1980. Political stability has been maintained. Foreign travel to and from Taiwan, and foreign investments, continue uninterrupted. And there are no signs at present that Peking is building the specialized military capabilities necessary to threaten the island's security. Indeed, implicit in current

circumstances is the fact that Peking counts on the U.S. to keep Taiwan from becoming a separate political entity.

At the same time, the generally pragmatic development policies now promoted by PRC leaders are creating an atmosphere much more conducive to some form of reconciliation with Taiwan than in past periods of ideological fervor and political turmoil. Indeed, with thousands of Chinese students from Taiwan and the PRC now meeting on American and Japanese campuses, with professionals from both societies attending international conferences around the world, and with a vigorous indirect trade of more than \$200 million per year developing between the island and mainland via Hong Kong and Japan, prospects for a peaceful accommodation of some sort worked out by the Chinese parties themselves would seem to be increasing.

THE AMERICAN PUBLIC'S REACTION TO NORMALIZATION

The reaction of the American people to normalization as it affected Taiwan also bears out the timeliness of the move and its positive effect on public support for U.S. foreign policy. A Potomac Associates poll of 1977 found only 26% of a national sample holding favorable views of the PRC, while 56% had positive opinions of Taiwan. By 1980 the same polling organization found 70% of the public with favorable views of the PRC, although 68% were positively inclined toward Taiwan. Another Potomac Associates poll in September 1979 found that 57% of the public considered it "very important" for the U.S. to get along well with the PRC, while only 44% gave the same response for "the Republic of China on Taiwan."

In 1977 only 26% of a national opinion survey by Potomac Associates supported a policy of establishing diplomatic relations with Peking if it was at the price of a break in relations with Taipei. A Roper poll in January 1979, at the time of normalization, found the public evenly divided on approval versus disapproval of the switch in diplomatic relations from Taiwan to the PRC (32% each, with the remainder undecided). A January 1981 Roper poll found 55% of a national survey supportive of maintaining official relations with Peking, with only 23% favoring the re-establishment of diplomatic ties with Taipei.

Regarding Taiwan's security, the 1977 Potomac Associates poll found 61% of a national survey who thought that the island's security was important to them in the context of efforts to normalize relations with the PRC, while 32% agreed that the U.S. should help defend Taiwan if it were attacked by the PRC (48% disagreed, and 20% had no opinion). In 1980, the same polling organization found an increase in those who thought the U.S. should defend Taiwan against China (43%, versus 42% opposed, with 15% "no opinion"), but also significant support for helping the PRC if it were attacked by the Soviet Union (45%, versus 42% opposed, and 13% "no opinion").

Thus, to the extent that public opinion both reflects popular judgments about foreign policy initiatives and also responds to presidential leadership, normalization and its impact on Taiwan have thus far gained public support.

FACTORS SHAPING TAIWAN'S FUTURE

It would clearly be in America's interest, as is expressed in the unilateral U.S. statement made at the time of normalization, if PRC and Taiwan authorities could negotiate between themselves some mutually agreeable resolution of their differences which had the support of their people. This would avoid a situation in which the U.S., at some future time, had to choose between support for one or the other Chinese party, or in which the residual and unilateral American expression of concern for Taiwan's security would be tested. It would enable the U.S. to maintain productive relations with both island and mainland. And under circumstances of mutual agreement, such an evolution would very likely best serve the interests of the people of Taiwan and the PRC as well.

History is seldom so accommodating, however, as to present cost-free solutions to mankind's most challenging predicaments. In the case of Taiwan's future, there are four parties whose actions will shape, in some still-unforeseeable combination, the evolution of the island's present circumstances. Two of them, the governments of the PRC and the United States, will presumably pursue policies toward Taiwan that are shaped by broader strategic and foreign policy objectives. The other two, the government and the people of Taiwan, will develop policies much more closely tied to their immediate circumstances; and their actions may precipitate developments that will confound even the most far-sighted and well-intentioned leaders in Peking and Washington.

The United States--There are three areas of policy choice that the U.S. can bring to the Taiwan issue. The first is whether to sustain the formal agreements that comprised the public statements and private

understandings of the normalization negotiations. Ronald Reagan, during his candidacy for president, called into question his commitment to the "unofficial" character of America's post-normalization ties with Taiwan. Within two months of assuming office, however, he affirmed his commitment to the normalization agreement of January 1, 1979. Should his or a subsequent administration bring about a significant unilateral modification of the normalization understandings and agreements with the PRC, it would almost certainly evoke a response from Peking which would seriously strain if not destroy the U.S.-PRC relationship. (The same should be said, of course, for the likely American reaction to a similar initiative from the PRC--as, for example, the application of military pressure on the island.)

Peking has already demonstrated great sensitivity to actions by other governments which suggest the intention to re-establish official dealings with the authorities on Taiwan or to encourage a separate legal status for the island. Such initiatives will tend to mobilize the potent force of Chinese nationalism, and interact with PRC internal politics in ways that are probably uncontrollable even by leaders who would invoke the authority of Mao Zedong, Zhou Enlai, or Deng Xiaoping--men who publicly committed themselves to developing ties to the non-communist West as a way of enhancing China's security and economic modernization.

U.S. implementation of its unilaterally expressed intention to sell defensive arms to Taiwan--a second area of choice--will similarly generate strains in dealings with Peking. This is an issue on which PRC and American leaders in essence "agreed to disagree" at the time of

normalization. The extent to which the underlying disagreement will affect the relationship will be shaped by the context within which such sales are made: the state of politics in Peking; the overall condition of U.S.-PRC relations; etc.

The degree of strain will also be affected by the types of weapons sold, and the larger context of U.S.-PRC security cooperation. The Reagan administration will soon face the decision of whether, and when, to sell Taiwan a new generation of fighter aircraft to replace its aging fleet of F-100s, F-104s, and F-5Es. Some argue that if the U.S. were helping Peking deal with its defense requirements--air defense, for example--a decision to maintain a balance across the Taiwan Strait would probably be much less disrupting to U.S.-PRC relations than an American decision to assist Taiwan alone.

PRC leaders will object to such sales to Taiwan on the grounds that they violate the "one China" principle which the U.S. agreed to at the time of normalization, and that they remove any incentive for leaders in Taipei to reach some form of peaceful accommodation--thus enhancing prospects for an eventual "non-peaceful" resolution of the island's status. To underscore their opposition to arms sales to Taiwan, PRC leaders reduced their level of diplomatic representation with the government of the Netherlands in early 1981 in response to a Dutch sale of two submarines to the island.

A third area of choice for the U.S. is whether to actively create conditions which would "encourage" Taiwan's leaders to work out a negotiated agreement with Peking. It seems highly unlikely that any American administration would pressure the authorities on Taiwan to

negotiate with the PRC. The unhappy memory of General George Marshall's mediation mission of the late 1940s, which sought to negotiate an end to the Communist-Nationalist civil war, is only one of many factors which will likely dissuade another administration from undertaking such a thankless task. Yet under certain circumstances the U.S. could be called upon by one or both Chinese parties to facilitate a negotiation already underway. As such circumstances are impossible to foretell, a decision regarding involvement will be shaped by the expectation of successfully reaching an agreement, the particular role the U.S. was asked to assume, and by a judgment about the degree of support an arrangement would elicit from the people of Taiwan (as opposed to the island's authorities).

The PRC--Peking faces the dilemmas of how to prevent Taiwan from "drifting away" from some form of association with the PRC, and how to entice the island's authorities into a negotiation of their future status as part of a reunified China. The normalization agreement with the U.S., as it affected the status of the island, probably precluded any outside power from re-establishing a protectorate over Taiwan. (Even the Soviet Union has shown little interest in developing relations with the island, given the effect such a step would have on prospects for a future accommodation with the PRC.) Yet Peking must formulate an approach which takes into account the present limits of its military capabilities relative to the island's defenses, the Soviet military threat on other borders, and the need for positive relations with the U.S. and Japan. PRC economic and political enticements are also modest relative to the island's current circumstances.

Consequently, Peking at a minimum seeks to sustain Taiwan's present status pending favorable developments in the balance of military and economic power between the island and mainland. PRC leaders also may anticipate the gradual erosion of American interest in the island relative to growing relations with the PRC. Such an evolutionary strategy, required of the PRC because of the limits of its current military and political outreach, is perhaps most vulnerable to initiatives from the island itself. For this reason, PRC leaders have placed a relatively high priority on the goal of achieving Taiwan's reunification with the mainland in the 1980s--presumably through political action if at all possible.

The Government of the Republic of China on Taiwan--The Nationalist government of Premier Chiang Ching-kuo has shown remarkable adaptability to the increasing political isolation that U.S.-PRC normalization has imposed on it. A dynamic economy and basic domestic political stability have sustained the reality of life on the island even as the symbols of the government's international status as a temporarily exiled national authority fade. Like Peking, the Taipei government seeks to sustain its current circumstances in the hope of some unforeseen but favorable development--and in the absence of any other acceptable alternative.

Candidate Reagan's criticism of the terms of U.S.-PRC normalization, his expressed intention to impart a more official character to America's relations with the island, and his interest in sustaining Taiwan's defenses, undoubtedly raised hopes for the Nationalist authorities that they could gain greater support from the new administration than from its predecessors. It can thus be expected

that Taipei will seek favorable treatment from the Reagan administration in terms of the level and scope of its representation in the U.S., and in the acquisition of an enhanced defense capability. The longer-term objective of the Taiwan authorities is probably to move the U.S. to a "one China, two governments" policy (a development which Peking will certainly resist), if not to induce strains in the U.S.-PRC relationship.

Given the shifts in U.S. public opinion noted earlier, it is doubtful if the American people would support a return to official relations with Taipei if it were at the price of a serious degradation in the U.S.-PRC tie. Probably the only circumstance in which public opinion would back a major shift in support from Peking to Taipei would be if the PRC prepared to use military force against the island. At the same time, there is great residual sympathy in the U.S. for Taiwan, and the American public is likely to support minor adjustments in dealings with the island's authorities that accord with the practice of other nations, as well as efforts to sustain the island's defenses.

The People of Taiwan--Public discussion of the Taiwan issue in the U.S. tends to ignore the fact that more than 85% of the island's population see themselves as "Taiwanese"--as opposed to the "mainlanders" who control the governing structure. Tensions between the Taiwanese community--the descendents of 17th century immigrants from Fujian Province across the Taiwan Strait--and the mainlanders who fled to the island in 1947-49 at the end of the civil war, were most intense when the Nationalist government of Chiang Kai-shek first imposed itself on the island. Riots in 1947 led to the death of many of the island's

indigenous political and intellectual elite. In the subsequent thirty and more years, Nationalist leaders have made significant efforts to ameliorate the division between the two communities and incorporate Taiwanese into the structure of government. However, periodic political riots--as at Chungli in 1977, and Kaohsiung in 1979--attest to continuing tensions and pressure from the Taiwanese for enhanced political power to accord with the wealth they have created with the island's remarkable economic development.

Peking is aware of these internal tensions on the island, and must view with concern the trends toward "Taiwanization" of the island's economic system and political structure, for they strengthen the forces seeking autonomy or independence. PRC leaders probably view the authority of the Chiang Ching-kuo government--with its enduring commitment to "one China," even if a China ruled by the Nationalist or Kuomintang Party--as contributing to the stability of present circumstances. Yet they anticipate that Chiang will pass from the scene during the 1980s, with highly unpredictable effects on the island's political future. For this reason, Peking will hope to engage the Chiang government in negotiations in order to preempt the Taiwanese community from pressing for developments which would reinforce the autonomy of the island, seeking to gain their political independence, or creating conditions of political chaos that could be dealt with only through a PRC military intervention.

The interplay of these various forces, as they will affect the Taiwan situation in the coming decade, is quite unpredictable; yet it is evident that the Taiwan issue embodies the most explosive of sentiments

for all parties concerned: sovereignty and the revolutionary impulse for Peking; support for an old friend and ally, and ultimately the issue of self-determination, for the U.S.; the Nationalist government's very existence; and basic issues of survival and political autonomy for the Taiwanese. As the potentially destructive element in the complex equation of U.S.-PRC relations, the Taiwan issue in the 1980s will require the most delicate and restrained handling by leaders in Peking and Washington, and a sense on both sides of the relative importance of the island in the larger strategic context created by normal U.S.-PRC relations, if it is not to destroy the foundations of a constructive U.S.-PRC tie built with the diplomacy of the 1970s.

VI. CONCLUSION: THE CHINA FACTOR AS A SUPPLEMENT, NOT A SUBSTITUTE

With the perspective of a decade of efforts to normalize U.S.-PRC relations, it seems fair to conclude that the changes in world politics initiated by President Nixon's historic trip to Peking in 1972 were as much in people's minds as they were in actual alterations in global political, economic, and military forces. While normalization removed the burdens for China and the U.S. of two decades of confrontation, it has not produced an intimate new alignment of resources and efforts or a restructuring of American priorities in Asia. Yet, U.S.-PRC normalization initiated processes of change that, if they endure for several decades, can contribute significantly to the modernization of China and to the building of a new coalition of powers supportive of the basic goals of American foreign policy.

In retrospect, we can clearly see that the normalization process begun in 1971 eliminated the negative costs to U.S. defenses and foreign relations of two decades of political and military hostility with China. Normalization facilitated our disengagement from Vietnam. And it created a new strategic context for the management of America's long-term competitive relationship with the Soviet Union. The destruction of normal U.S.-PRC relations, as a result of whatever development, would reimpose on both China and the United States great costs which could not serve the interests of either country.

The positive benefits of normalization will only be realized as the U.S.-PRC relationship develops in the years ahead. Yet, the China factor, for all its promise, will be only one element in America's

foreign relations. It cannot substitute for an active U.S. role in the political and security affairs of Asia, or for America's own efforts to sustain a stable strategic balance. With foresight and judgment, however, the further development of America's dealings with the People's Republic of China can be a long-term investment in a relationship that will contribute to a stabilizing balance in Asia and in global affairs.